--- RG-1 - Cigars - “Series of 1864”- with “M” at the corners - 27 & 28 Vict. - Cap. III ---

--- lithographed by “George Desbarats & Son”, Montreal - *imperforate* - the design measures 95 x 95 mm. ---

--- in GREEN ink - on vertical mesh *unwatermarked* thick wove paper ---

--- inscribed “Stock on hand / prior to August 1st, 1864” - scanned at 65% scale ---

The catalogue lists these 1864 “square” green Cigar stamps as follows:

RG-1 - Cigars, green, square, with **M** in the corners, imperf, on *unwmkd* cream wove paper
RG-1a - Cigars, green, square, with a tilted **M** in the right corner, imperf, on *unwmkd* cream wove paper

★**RG-1a** - printed in light green ink on vertical mesh *unwatermarked* cream-coloured thick wove paper with **M**.....**M** in the corners, signed by *Peter McClay* - ★ ***the one tilted and three normal ‘M’ variety***

★**RG-1 CP** - printed in light green ink on vertical mesh *unwatermarked* cream-coloured thick wove paper, with **M**.....**M** in the corners, stamped by *R. Bellemare* at Montreal - manuscript *Cancelled* in red ink

Chris Ryan’s research indicates that **“M”** stands for **M**anufactured tobacco, fully manufactured and held by the producer prior to June 1st 1864, as well as all dealers stock held prior to August 1st 1864 - and as such exempt from taxation.

--- Cigar - “Series of 1864”- with “D” at the corners - 27 & 28 Vict. - Cap. III ---

--- lithographed by “George Desbarats & Son”, Montreal - *imperforate* - the design measures 95 x 95 mm. ---

--- in GREEN ink - on vertical mesh *unwatermarked* thick *wove paper* ---

--- inscribed “Stock on hand / prior to August 1st, 1864” - scanned at 75% scale ---

---

The catalogue lists these 1864 “square” green Cigar stamps as follows:

RG-2 - Cigars, green, square, with **D** in the corners, imperf, on *unwmkd* cream wove paper
RG-2a - Cigars, green, square, with **D** in the corners, imperf, on *unwmkd* blue-grey laid paper, with 18 mm batonne lines

★**RG-2** - imperforate, lithographed in light green ink on *unwatermarked* vertical mesh thick wove cream paper, with **D**.....**D** in the corners, used on August 26th 1864

Chris Ryan’s research indicates that the **“D”** stands for a tobacco product, manufactured between June 1st and July 31st 1864 and still on hand at the time of the general inventory taken to determine the stock on hand at the manufactory as of August 1st 1864 - as such it was **D**utiable when Upper and Lower Canada were joined.

When oriented as shown in the scanned illustration, the mesh runs *vertically* up on the stamp. This *orientation* and *terminology* will be used throughout the section.

★ ***The collection contains two other unused copies of*** **RG-2**.

--- Cigars - “Series of 1864”- with “D” at the corners - 27 & 28 Vict. - Cap. III ---

--- lithographed by “George Desbarats & Son”, Montreal - *imperforate* - 95 x 95 mm. design ---

--- in GREEN ink - on horizontal mesh *unwatermarked* blue-grey toned *laid paper* ---

--- inscribed “Stock on hand / prior to August 1st, 1864” - scanned at 65% scale ---

The catalogue lists these 1864 “square” green Cigar stamps as follows:

RG-2 - Cigars, green, square, with **D** in the corners, imperf, on *unwmkd* cream wove paper
RG-2a - Cigars, green, square, with **D** in the corners, imperf, on *unwmkd* blue-grey laid paper, with 18 mm batonne lines

---

★**RG-2a** - printed in light green ink on horizontal mesh *unwatermarked* blue-grey toned *laid paper* with 18 mm. chain lines, with **D**.....**D** in the corners **- ★ *three copies***

★**RG-2a** - printed in light green ink on horizontal mesh *unwatermarked* blue-grey toned *laid paper* with 18 mm. chain lines, with **D**.....**D** in the corners, dated *Sep. 7* in 1864 at *Wentworth*, Ontario, by *Thomas White*

Chris Ryan records that *Thomas White* was the Collector at ‘Wentworth’ from 1864-66. ‘Wentworth’ was renamed ‘Hamilton’ on Nov. 20th 1866, and *William Patton* succeeded as Collector at ‘Hamilton’ on July 1st 1871.

Chris Ryan, “Canadian Revenue Newsletter”, No. 38, of February 2002

“A notice ordering Nova Scotian manufacturers and dealers to have their existing stocks stamped as duty-free was issued December 13th, 1867, and published in the Halifax *Chronicle* on December 14th. It read as follows:

> ***... Tobacco, Snuff, and Cigars, no being held in stock, being exempt from duty under the act, manufacturers and dealers in the County and City of Halifax will make immediate application to Samuel Tupper. Esq. Collector of Inland Revenue for Halifax, to have the same stamped in accordance with the requirements of the Act and the regulations of the Department. Arrangements will be made for the immediate stamping of stocks held in the Province outside of Halifax by the Collectors of Customs in the several localities.***

The central text of **RM-12** indicates that it was applied to manufactured tobacco products other than cigars. An 1885 philatelic publication describes a similar stamp for cigars. This second stamp is currently unknown to this writer. However, the *diamond shaped green cigar stamp* **RG-19** dates from the 1867 period. This stamp would thus appear to have been used on the duty-free stocks.

--- Cigar - “Series of 1864”- Green - diamond - 27 & 28 Vict. - Cap. III ---

--- lithographed by “George Desbarats & Son”, Montreal - the design measures 51 x 93 mm. ---

--- perforated 12½ - on *diagonally watermarked* cream *wove paper* ---

---

The green, ‘duty-free’ stamps of 1867 may have been available for use up until February of 1868. On the 22nd of that month, a recall notice was issued to Collectors of Inland Revenue as follows:

> ***All Tobacco and Cigar Stamps in your possession as per samples enclosed are to be forwarded to this Department with a specification showing quantities of each.***

While this notice does not explicitly mention the green, ‘duty-free’ stamps, a notation in a September 11th, 1868, circular indicates that these stamps were probably included in the recall. The notation reads as follows:

> ***Green labels of a similar description have also been used in the Excise for stamping stocks of Tobacco on hand before the Excise duty was imposed. They are no longer in use and have been called in.***”

The catalogue lists this green “diamond” shaped Cigar stamp under the “Series of 1867”, but judging by the 1864 “27 & 28 VIC / Cap III” inscription (although used in 1867) it probably was lithographed with the “”Series of 1864”.

RG-19 - Cigars, green, diamond, perf 12½, on *diagonally wmkd* cream wove paper

★**RG-19** - lithographed in green ink, on *vertically laid* cream-coloured paper, *diagonally watermarked* EXCISE only - ★***five copies***

“The 1864 introduction of an excise duty on tobacco products manufactured in the Province of Canada was a result of the 1854 reciprocity treaty with the United States of America combined with conditions in the American tobacco industry brought on by their civil war.”

Under the terms of the reciprocity treaty manufactured tobacco entering Canada could be subjected to a customs duty, while raw unprocessed tobacco could be admitted free. The United States was by far Canada’s most important source of imported tobacco, supplying (in 1860) 98.1% of the manufactured tobacco and 99.9% of the raw tobacco imported into this country. According to the United States census of 1860, the Confederate States possessed 65.3% of American tobacco manufacturers, who generated 67.0% of the total value of the national production. The States of Virginia and North Carolina alone held 57.2% of the industry producing 61.2% of the total value.

Beginning in 1861, the northern Union began an economic and naval blockade of the southern Confederacy. This blockade became far more effective in subsequent years and thus resulted in the withdrawal of two-thirds of the domestic supply for the heavily populated Union states. The extent to which the Union succeeded in obstructing the distribution of the Confederacy’s manufactured tobacco is indicted by the 1866 report of the United States Commissioner of Internal Revenue as follows:

> ***Large quantities of tobacco manufactured in the South before the war and during its progress were thrown upon the market during the past year, to the great derangement of trade and the embarrassment of regular manufacture.***

This state of affairs in the United States was probably responsible for a sharp decline in Canada’s imports of manufactured tobacco products during 1862 and 1863. Accompanying this decline was an immense increase in imports of raw leaf. ... This shift to the importation of customs duty-free raw tobacco was the motivation for the imposition of Canada’s excise duty on domestically produced tobacco products.

The new excise duty was announced in the budget speech of May 10th 1864, and was to take effect on July 1st of that year. However, on the evening of May 31st, formal resolutions were drafted by a committee of the Legislative Assembly and put into effect as of June 1st. These resolutions imposed an excise duty on all new production as well as all stocks on hand at manufacturers of partially or completely manufactured tobacco products. All dutiable stocks were to be immediately secured by excise officers. Release of such stocks for consumption required the permission of the excise officer n payment of the duty to which they were liable.

The sudden imposition of the excise duty and the immediate seizure and sealing of stock on hand at manufacturers by excise officers were reported by two Toronto newspapers as follows:

> ***Considerable excitement prevailed yesterday among the tobacco manufacturers upon the publication of the news that the duties upon tobacco had come into effect. Large stocks are held by many among them, and there are, we believe, large contracts to be filled. The Revenue Inspector yesterday visited the manufactories and sealed the stocks.***
>
> ***It was not until between eight and nine o’clock yesterday morning that the excise duties on tobacco came into force. Previous to that time several parties interested in the manufacture of the article had seen the newspapers, and removed a good deal of tobacco from the factories, hoping thereby to avoid the imposition of the new duties. The excise officers took a different view of the matter. They regarded the law as in operation from midnight, although they had not been officially advised to that effect until morning; and seized all the tobacco that had been removed that they could lay their hands upon. A difficulty is apt to arise on this point which may require settlement in the Customs’ Department at Quebec. The manufacturers also complain of the duties affecting whatever tobacco they may have on hand, while the stocks held by dealers do not come under the operation of the law. They speak of sending an agent to Quebec to remonstrate with Government on this score.***

The reaction of the tobacco industry to the application of the duty to stocks on hand was predictably negative. Protests occurred immediately and these culminated in the presentation of formal petitions to the Legislative Assembly from tobacco manufacturers in the cities of Hamilton, Montreal and Toronto. Members of the Assembly took up the manufacturers’ cause and pressed the government on the issue.

On June 27th the government relented and exempted the fully-manufactured stocks on hand at manufacturers as of May 31st. The legislation as passed on June 27th and assented to on the 30th, also provided for the non-payment or refund of duty collected on stocks released during June in fulfilment of contracts made prior to June 1st.

With the exemption granted to manufacturers, excise officers were now required to differentiate between duty-free products completely manufactured prior to June 1st, 1864, and dutiable products manufactured on and after that date. It is apparently to this end that the Act gave until June 30th for tobacco manufacturers to submit a detailed inventory of raw and manufactured tobacco on hand. This inventory was to include the number of packages held, as well as their individual weight, contents, origin and date of entry into the premises. Upon receipt of the inventories, excise officers were to visit the manufacturers and affix stamps to the packages.

Complementing the inventory and stamping of manufacturers' stocks on hand were similar provisions regarding stocks held by wholesale and retail dealers. These stocks were not subject to the new excise duty. The deadline for the vendor inventories was set by Statute at August 1st, 1864. However, difficulties in enforcing these provisions must have occurred as this deadline was extended twice. The first extension was to August 20th, the second to September 10th. Yet, despite the extensions, the requirement that the tobacco products were to have been in stock prior to August 1st remained in force.

It also appears that, by means of an as yet undiscovered circular or directive, a similar extension was granted to tobacco manufacturers for the fulfilment of their pre-June 1st contracts. This is noted in a report of July 9th, 1864, meeting of Toronto tobacco manufacturers:

> ***... the Finance Minister, who, acting conscientiously as a public officer, and having great difficulty in raising the supplies necessary to carry on the government of the country, was nevertheless willing to concede that all orders not filled to the first of July should be completed excise-free.***

A literal reading of the above would place no termination date for the completion of the contracts. But it seems likely that the government would have imposed some form of deadline. The potential for abuse would have caused the absence of a deadline to be a highly undesirable situation. In any event, a new delivery deadline would only be significant for tobacco manufactured on and after June 1st as any older stock could be delivered free of excise duty.

The above quote refers only to the fulfilment of pre-June contracts and not to the submission of the inventory. However, it is highly probable that a similar extension was granted for the inventory. As was the case with the initial deadline provided by the Statute, the new deadline for both contracts and inventory would logically have been the same date. This new deadline was evidently July 31st or August 1st, 1864. The reasoning for these suggestions is as follows:

1. The Act gave tobacco manufacturers only a **three day** notice to submit the detailed inventory and to complete all of their pre-June contracts by June 30th. This would have made that date an impossible deadline.

2. To the best knowledge of this writer, there is a complete absence of any stamps whatsoever bearing the inscription '**In Stock Prior to July 1st, 1864**'. This is especially significant in light of the immense stocks held by tobacco manufacturers at the introduction of the excise duty. The size of these duty-free stocks is alluded to in the Inland Revenue Report for the year ending June 30th, 1870, as follows:

> ***The [tobacco] manufacturers had, for some time previous, anticipated the imposition of this duty, and large stocks of the manufactured article were accumulated, which escaped the tax, consequently, the amount of revenue received from this source during the first two years was no index to the demand for consumption during that period; indeed, there is reason to believe that the quantity of duty-paid tobacco taken for consumption even in the third year of the tax was considerably affected by the old duty-free stocks still on hand.***

3. The stock-books to be used by manufacturers for the record keeping required under the Act (in connection with the newly introduced semi-monthly returns) were not available until about August 11th. On that date, notices regarding the availability of such books appeared in newspapers for the very first time.

The stamps used for stocks on hand in 1864 at both manufacturers and dealers in Upper and Lower Canada were RM-1 / RM-2 and RG-1 / RG-2. On the basis of the evidence previously presented, combined with the use of RM-12 in 1867 for duty-free stocks held by both manufacturers and dealers in Nova Scotia and New Brunswick, the significance and application of these stamps have been surmised as follows:

M- represented '**M**anufactured', and therefore duty-free

Was used on fully manufactured stocks held by manufacturers prior to June 1st, 1864, and on dealers stocks held prior to August 1st, 1864, and still on hand at the August / September inventory submission and stamping of such stocks.

D - represented '**D**utiable'

Was used on manufacturers' stocks produced after June 1st, 1864, and still on hand at the August / September inventory submission and stamping of such stocks.

When the Provinces of Nova Scotia and New Brunswick joined with Upper and Lower Canada on July 1st, 1867, the terms of Confederation decreed that the existing laws of excise and customs in each of the Provinces would continue in force until replaced by the new Federal Parliament. This replacement occurred on December 13th, 1867. The budget provisions passed by Parliament the previous evening essentially extended the old Acts of the Province of Canada to New Brunswick and Nova Scotia. However, the new Customs Act neglected to provide for the stamping of imported tobacco products. This oversight was rectified by an Order in Council on December 28th, 1867.

As had been the case in 1864, existing stocks held in 1867 by both manufacturers and dealers in the Maritime provinces were exempt from the new Dominion excise duties. However, in 1867 the exemption was applied immediately upon the introduction of the new duties, unlike the retroactive provisions of the 1864 Statute. Given this situation, there was no need in 1867 to differentiate for excise purposes between dutiable and duty-free stocks on hand as had been the case in the Province of Canada in 1864. Thus, there would not have been a need for '**D**' stamps, and no such stamps are currently known to this writer. A notice ordering Nova Scotian manufacturers and dealers to have their existing stocks stamped as duty-free was issued December 13th, 1867, and published in the Halifax *Chronicle* on December 14th. It read as follows:

> ***... Tobacco, Snuff, and Cigars, no being held in stock, being exempt from duty under the act, manufacturers and dealers in the County and City of Halifax will make immediate application to Samuel Tupper. Esq. Collector of Inland Revenue for Halifax, to have the same stamped in accordance with the requirements of the Act and the regulations of the Department.***
>
> ***Arrangements will be made for the immediate stamping of stocks held in the Province outside of Halifax by the Collectors of Customs in the several localities.***

The central text of RM-12 indicates that it was applied to manufactured tobacco products other than cigars. An 1885 philatelic publication describes a similar stamp for cigars. This second stamp is currently unknown to this writer. However, the diamond shaped green cigar stamp, **RG-19**, dates from the 1867 period. This stamp would thus appear to have been used on the duty-free stocks. The green, 'duty-free' stamps of 1867 may have been available for use up until February of 1868. On the 22nd of that month, a recall notice was issued to Collectors of Inland Revenue as follows:

> ***All Tobacco and Cigar Stamps in your possession as per samples enclosed are to be forwarded to this Department with a specification showing quantities of each.***

While this notice does <u>not</u> explicitly mention the green, 'duty-free' stamps, a notation in a September 11th, 1868, circular indicates that these stamps were probably included in the recall. The notation reads as follows:

> ***Green labels of a similar description have also been used in the Excise for stamping stocks of Tobacco on hand before the Excise duty was imposed. They are no longer in use and have been called in."***

File path is c:\ CR - STAMPS \ RG_STAMPS \ 1864 \ Green_27 & 28 Vict],
In MS Word 2007 for Windows 7,
Formatted for a HP CP 1525 Laser Jet,
September 30th 2013 - JBH